

GENERAL FUND BUDGET

APPENDIX

CAPITAL BUDGET POLICIES

CAPITAL IMPROVEMENT PROGRAM OVERVIEW & PROCEDURES

All Capital Equipment purchases are governed by Capital Procedures. Preparing and maintaining the Capital Budget is an imperative part of the City's management effort. Central to this management effort is providing accurate and thorough justifications for proposed capital projects, making the capital budgeting cycle transparent and straightforward. Specific criteria that guide Capital budgeting decisions are outlined below:

- 1) The City administration will develop a process for ensuring that capital investments provide the maximum community benefit and that appropriate supporting policies are implemented.
- 2) The City shall allocate a percentage of its general operating revenue for capital investment for the next five (5) fiscal years.
- 3) The City shall budget an increasing percentage of its CDBG allocations for the next five (5) years for capital.
- 4) All redevelopment and economic development projects shall include plans for specific returns (investment and leverage).
- 5) Priority will be given to those investments/projects that foster achievement of City Executive Committee goals and objectives, aid in the implementation of approved City plans, and conform to the following ideals:
 - Foster Economic Growth;
 - Foster Neighborhood Growth;
 - Foster Urban Conservation;
 - Conform to the City's five (5) year plan;
 - Replace or renovate existing obsolete or deteriorated elements of the City's property rather than providing additional facilities;
 - Reduce the cost of operations or result in a net increase in general revenues;
 - Are mandated by governmental agencies;
 - Do not duplicate other public and/or private services;
 - Reduce energy consumption;
 - Benefit low and moderate income persons and/or slow economic blight;
 - Are located in targeted neighborhoods and economic development areas, i.e. (enterprise zone); and
 - Improve the safety and security of citizens.

DEFINING CAPITAL EQUIPMENT & CAPITAL PROJECTS

Capital Equipment is defined as any item that has an expected life of five (5) years or more and a purchase price in excess of \$500.00. Items costing less than \$500.00 and lasting less than five (5) years are to be purchased from material and supply accounts. The purchase price includes any costs of acquisition or transportation of the item or other costs associated with the installation or placing it into service. The expected life for a piece of equipment is that period of time for which it will be useful in carrying out operations without major repair to its physical condition. Generally, capital equipment includes, but is not limited to, furniture and fixtures, machinery and motor vehicles.

Capital equipment *excludes* commodities that are converted in the process of construction, or that are used to form a minor part of equipment or fixed property. In addition, repairs will normally not be capitalized regardless of the cost of repair or the extent of repair relative to the cost of a new item. The following examples occur frequently and are intended to serve as a guide in deciding whether or not to capitalize an item.

- Calculators - will not be capitalized.
- All furniture costing more than \$500.00 *will* be capitalized.

The **Capital improvement program** is defined as a plan for capital expenditures over a multi-year period to meet identified improvements in the infrastructure.

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The **Capital Budget** is the first year of a five year plan for capital expenditures to be incurred over a given fiscal year from funds appropriated by the City Council for project scheduled in the same year.

Capital Projects are the improvements that make up the capital budget. Each project has a specific purpose, justification and cost. Projects propose physical improvements in different elements of the City's infrastructure. Improvements include but are not limited to: construction, reconstruction, rehabilitation, modification, renovation, expansion, replacement, extension of streets, bridges, buildings, sidewalks, playgrounds, traffic signals, ramps, lights and acquisition of land, buildings with associated relocation, demolition and improvements such as landscaping, fencing and paving.

CAPITAL IMPROVEMENT PROGRAM REQUESTS

All Capital Projects Under Consideration must be accompanied by a description including the following detail and descriptive information:

- 1) **PROJECT TITLE:** Enter the title best describing the project. Be concise, but as descriptive as possible.
- 2) **SUBMITTED BY:** Enter the Department, and division, if applicable.
- 3) **CONTACT PERSON:** Enter the name and telephone number of the person who can best answer detailed questions about this project.
- 4) **PROJECT DESCRIPTION:** Give a full, detailed description of the project. The description must contain enough information to allow for a detailed project cost estimate. If the project is construction of a building, specify the following: size; use; type of building; utility type; etc. If it is a street project, specify the following: length; width; whether it is new construction, reconstruction or resurfacing; whether it involves new signals, sewers, and/or sidewalks; etc. Any project with insufficient information to develop a cost estimate will not be considered.
- 5) **PROJECT JUSTIFICATION:** Support the need for this project. Some of the questions you might want to consider follow:
 - Does the project meet established standards and/or codes?
 - Does it eliminate a health, fire or safety hazard?
 - Does it serve a segment of the community not currently served?
 - Does it foster private investment? How much?
 - Does it create jobs? How many? What type?
 - What will happen if the City does not undertake this project?
 - Use the above and the Capital Allocation Checklist as a guide in submitting justifications.
- 6) **PROJECT LOCATION AND SERVICE AREA:** Give a brief description of the community impact the project will have as well as the area it will serve.
- 7) **SIGNATURE:** The Department Director must sign the bottom of the form and date it. The signature indicates that the director approves of the submission of the project and agrees with the information provided.

PROJECT COST ESTIMATE INSTRUCTIONS

- 1) **PROJECT TITLE:** The name of the project for which the estimate is being prepared.
- 2) **PROJECT COST:** Enter the cost estimate for each line item of the project for the upcoming fiscal year. All costs must be detailed by line item.
- 3) **TOTAL PROJECT COSTS:** Use this column *only* if the project requires multi-year financing and the total cost is not reflected in the one (1) year column.
- 4) **ESTIMATE PREPARED BY:** Enter the name, department and division of the preparer.
- 5) **COMMENTS:** Enter any comments the department preparing the cost estimate may have regarding this estimate or this project itself.

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CAPITAL EQUIPMENT REPLACEMENT SCHEDULE

<u>ITEM</u>	<u>SCHEDULE</u>	<u>MAXIMUM</u>
Street Sweepers	Every 5 years	1 per year
Dump Trucks	Every 7 years	1 per year
Loaders	Every 12 years	1 per year
Tractors	Every 10 years	1 every 5 years
Sanitation trucks	Every 7 years	2 per year
Police Cruisers	Every 5 years	21 per year
Passenger Vehicle	Every 7 years	depending on condition
Light Trucks - Vans	Every 7 years	depending on condition
Specialized Large Equipment	As needed	
Fire Engines		
Front Line	Every 15 years	
Reserve	Every 20 years	1 per year
Fire Trucks		
Front Line	Every 20 years	
Reserve	Every 25 years	1 per year

The following policies have been established to encourage the replacement of outdated capital equipment, realizing limitations of funding. In all cases, the equipment requested shall be of the type and quality necessary for the efficient accomplishment of the departments' service functions.

- EQUIPMENT FOR EQUIPMENT REPLACEMENT Example: Two-for-one trades will have preference over one-for-one trades.
- EQUIPMENT FOR DIRECT COST SAVINGS Example: Capital equipment proposals that offer direct cost savings to the City will have preference.
- EQUIPMENT FOR POSITION(S) REPLACEMENT Example: Proposals from departments for abolishing position(s) in return for equipment will have preference.

All capital equipment rollovers will be monitored for performance as the City expects increased turnover to dramatically reduce manpower time and equipment idle (repair) time.

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CAPITAL IMPROVEMENT PROGRAM PROCEDURES

PROCESS

Who decides: the City Council, through the budget and appropriation committee, provides the final approval of all Capital Improvement Programs, budgets and projects. The Mayor recommends the Capital Program by way of two committees:

Technical Review Committee: Reviews department submissions for priority ranking and capability.

Capital Finance Committee: Reviews the recommendations of the Technical Review Committee and determines the project need by evaluating the following:

- Technical Review Committee priority;
- Economic & community need/impact;
- and Financial accessibility.

HOW DO PROJECTS GET CONSIDERED?

STEP I - SUBMISSION

Per the budget schedule, the Office of Policy and Management requests capital project proposals from the Department Directors. These proposals contain a project description, its justification and location. The Capital Allocation Checklist must be used by departments and review boards in developing and justifying capital submissions.

STEP II - TECHNICAL EVALUATION

After projects are submitted, the Office of Policy and Management will convene the Technical Review Board. This committee, made up of the City Engineer, City Planning Director, Public Works Director and two representatives of the Office of Policy & Management (OPM), evaluate the impact of each project based on the provided description and justification. Impacts are measured against the approved technical criteria. During this process, projects which are similar are consolidated, projects already financed or which should be requested as part of an operating budget are eliminated. This results in a final recommended priority list.

STEP III - CAPITAL FINANCE COMMITTEE SELECTION

The prioritized list of submissions is presented to the Capital Finance Committee for an initial cut. Using the technical evaluation as the basis of the decision, this committee will select those projects which merit further consideration and eliminate those with lower priorities.

STEP IV - NOTIFICATION TO DEPARTMENTS

Once the Capital Finance Committee selects the projects, OPM sends a letter to all departments informing them of the decisions. The notification letter contains several items:

- A list of projects that will be considered. Each department is responsible for preparing the cost estimate;
- A list of projects that have been eliminated;
- A description of the appeal process;
- Cost estimate forms;
- And copies of all project descriptions still in consideration.

Departments are to provide any updated information on the project descriptions and develop a cost estimate to be submitted to OPM.

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STEP V - APPEAL

Each department is given one (1) week to review the disposition of each project they originally submitted. They may appeal any of those projects. This is done by submitting a written letter of justification that they wish to be reconsidered or a program that should be eliminated. All justifications are reviewed by the Capital Finance Committee and the department director will be invited to a meeting to answer any questions members may have. Based on the justifications presented the Capital Finance Committee will make a final determination. Departments will be notified the following week.

STEP VI - COST ESTIMATES

For all projects still in consideration, a cost estimate will be developed. These will be submitted to Office of Policy and Management.

STEP VII - FINAL EVALUATION OF PROJECTS

The Executive Committee, appointed by the Mayor, reviews all of the recommended projects and evaluates those for final presentation to the City Council. The final list will be evaluated from the priority list and available resources.

STEP VIII - FINAL APPROVAL

Final approval to proceed will be given by the City Council. This is done through the voting of the council at a meeting scheduled for February preceding the fiscal year start.

STEP IX - NOTIFICATION OF SELECTED PROJECTS

After the Capital Improvement Plan is developed, the Office of Policy and Management will notify departments whose Capital Projects were adopted and will publish the Capital Budget. The document will contain the details of the selected projects as follows:

- Project descriptions;
- Funded amounts;
- Funding sources;
- and the Responsible agency.

AMENDING THE CAPITAL IMPROVEMENT PROGRAM

From time to time during the year changes must be made in the Capital Improvement Program (CIP). These changes are made through a CIP Amendment request. A CIP Amendment is required under the following conditions:

- Financing a project not previously considered. This may result from emergencies that may occur during the year, or a change as needed.
- Increasing the funded amount of an existing project. These may arise from unanticipated inflation, change in the original project description or bids which come in higher than the original cost estimate.

A CIP Amendment is processed as follows:

- 1) The department responsible for the project makes an initial determination that additional funds are required for a specific purpose.
- 2) A written request by the Director is submitted to OPM. The request will include:
 - A) Name of Project;
 - B) Additional funds requested;
 - C) Total current cost of the project; and
 - D) Justification of request.
- 3) The Office of Policy and Management will make a recommendation to the Capital Finance Committee which approves or disapproves the request.

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- 4) If the request is approved, OPM will prepare a report and resolution for approval from the City's City Council. The report will be placed on the earliest possible agenda of the City Council.
- 5) Upon approval of the City Council, OPM will request the Comptroller's Office to establish an account number or increase the original appropriation.
- 6) The Department proceeds with the project after steps 1-5 have been performed. They will be notified by OPM.

ACCOUNTING PROCEDURES

After all of the projects have been approved by City Council the Comptroller's Office will begin the process of establishing accounts for the approved programs. All appropriations will be established based upon the approved project cost and prepared by using the line item criteria established by the cost estimate forms.

In addition, the Comptroller's Office will be responsible for the following:

- 1) Maintaining grant agreements;
- 2) Maintaining audit records;
- 3) Receiving and recording revenues;
- 4) Distributing payments;
- 5) Reconciling the general ledger;
- 6) Reconciling bank statements and investments; and
- 7) Monitoring department performance.

The Department Director or Project Manager will be responsible for the following:

- 1) Creating monthly project status reports;
- 2) Creating and maintaining project timetables;
- 3) Explaining project changes and/or cost overruns;
- 4) Providing updates to the City Council;
- 5) Presenting projects to committee and the City Council;
- 6) Completing data detail for the Comptroller's Office; and
- 7) Estimating costs and/or staffing requirements.

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<u>PROJECT DESCRIPTION</u>	<u>FY 2010 Capital Plan ADOPTED</u>	<u>FY 2011 Capital Plan ADOPTED</u>	<u>FY 2012 Capital Plan PLANNED</u>	<u>FY 2013 Capital Plan PLANNED</u>	<u>FY 2014 Capital Plan PLANNED</u>	<u>FY 2015 Capital Plan PLANNED</u>	<u>TOTAL Capital Plan 2010-2015</u>
<u>Board of Education</u>							
Central High School Renovations		16,000,000					16,000,000
Harding High School Renovations		18,500,000					18,500,000
Dunbar Renovation		4,000,000					4,000,000
Black Rock School		4,000,000					4,000,000
Asbestos Removal	350,000						
Maintenance Vehicles	555,000						
Special Education Buses	150,000		300,000	300,000	300,000	300,000	1,200,000
TOTAL BOE	1,055,000	42,500,000	300,000	300,000	300,000	300,000	43,700,000
<u>Economic Development</u>							
City / Neighborhood Beautification	500,000	1,000,000	500,000	500,000	500,000	500,000	3,000,000
Neighborhood Revitalization Zones- Infrastructure		950,000					950,000
Freeman Homes		100,000					100,000
Neighborhood Revitalization Zones- Housing/Admin		469,500					469,500
City Wide Waterfront Development		250,000					250,000
Blight Removal / Demolition Clean Up	250,000	5,000,000	250,000	250,000	250,000	250,000	6,000,000
TOTAL OPED	750,000	7,769,500	750,000	750,000	750,000	750,000	10,769,500
<u>Public Facilities</u>							
Roadway Paving, Culverts, Intersections	3,050,000	4,500,000	2,500,000	2,500,000	2,500,000	2,500,000	14,500,000
Public Facilities Equipment	655,000	1,600,000	200,000	200,000	350,000	350,000	2,700,000
Muni Bldg. HVAC / Heating / Elec / Facilities	500,000	75,000	500,000	500,000	500,000	500,000	2,075,000
City Wide Building & Security Improvements	850,000	850,000	250,000	250,000	250,000	250,000	1,850,000
Energy Conservation / Conversion Program	300,000	250,000	200,000	200,000	200,000	200,000	1,050,000
Recycling TOTER Program		1,500,000					1,500,000
Sidewalk / Streetscape Replacement Program	750,000	3,000,000					3,000,000
Parks Maintenance Equipment	225,000		150,000	270,150	50,000	50,000	520,150
Federal Energy Renewal / Source Program Match		500,000					500,000
Pleasure Beach Water and Park Accessibility		2,000,000					2,000,000
TOTAL PUBLIC FACILITIES	6,330,000	14,275,000	3,800,000	3,920,150	3,850,000	3,850,000	29,695,150
<u>Other Departments</u>							
EOC Capital Maintenance Program			225,000	225,000			450,000
Fire Apparatus Replacement Program	550,000		1,000,000	650,000			1,650,000
WPCA Sewer Separation Program	495,000	425,300	330,000	250,000			1,005,300
IT Telephony & Computer Replacement Progr.	250,000	250,000	250,000	250,000			750,000
TOTAL OTHER	1,295,000	675,300	1,805,000	1,375,000			3,855,300
TOTAL ALL DEPARTMENTS	9,430,000	65,219,800	6,655,000	6,345,150	4,900,000	4,900,000	88,019,950

CAPITAL IMPROVEMENT PROJECTS

BOARD OF EDUCATION

BOARD OF EDUCATION REVISED PROJECTS: \$16,000,000 for the City's debt portion to renovate Central High School, \$4,000,000 for renovation of Dunbar School, \$4,000,000 for the renovation of Black Rock School, and \$18,500,000 for the replacement of Harding High School. Under state statute for Construction of Facilities, applications for projects must be made before June 30th of each year. For application to be made, it is necessary for the local legislative body to authorize the project even though state approval and bonding are not obtained until the following year.

ECONOMIC DEVELOPMENT

BLIGHT REMOVAL/DEMOLITION: \$7,769,500 authorization for continued efforts in blight identification and in some cases condemnation & removal of blighted structures citywide. An aggressive initiative to slow or remove blight, improve infrastructure in these areas, enhance the waterfront through reclamation and offset federal stimulus funding for major corridor projects.

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PUBLIC FACILITIES

ROADWAY PAVING: \$4,500,000 authorization to continue efforts to pave those sections of Bridgeport roadway designated as most in need of repair as identified by the Roadway Management software currently in use in assessing road conditions.

PUBLIC FACILITIES EQUIPMENT: \$1,600,000. We continue our commitment in accordance with the fleet replacement program to provide quality roadway, park and facilities maintenance equipment. Doing more with less in regards to personnel, fleet upgrades have resulted in more efficient operations. The City of Bridgeport also provides curbside solid waste and recycling to all residents and this allows for preventative fleet maintenance.

MUNICIPAL BUILDING HVAC, HEATING, ELECTRIC and CITY WIDE BUILDING & SECURITY UPGRADES : \$925,000 authorization in keeping with the City of Bridgeport's annual commitment to improve the efficiency of Heating, Air Conditioning, and Electrical units in municipal buildings. The City has an annual plan in place to rehabilitate and/or replace various aging and inefficient units. The success of this program's impact is measured in the Building Maintenance Department's utilities budget, as the City is able to avoid the additional operational costs that inefficient and outdated equipment yield. Additionally, the maintenance efforts have been to repair and re-engineer the design and functionality of departments most in need of office upgrades. One-stop permitting, the Tax Assessor & Tax Collector and other departments have been overhauled for improvements in air quality, electric service, and voice and data service. This funding will continue these efforts in the office of the Town Clerk and other offices.

ENERGY CONSERVATION/CONVERSION PROGRAM: \$250,000. Authorization to continue the municipal building study and continue the conversion of lighting systems and heating systems as well as window replacements to achieve the long-range goal of decreasing utility costs.

RECYCLING TOTES PROGRAM: \$1,500,000. Authorization is to fully implement the City's RECYCLING TOTES program. TOTES are large, covered 64 gallon receptacles that are designed to remove recyclables from the waste stream, reducing tonnage and reducing cost for disposal. This program will result in less employee injury and prepare for "single-stream" recycling, a program whereby sorting occurs at the plant. Trucks are equipped with an arm that grabs the TOTE, lifts it, and dumps the contents into the truck. Totes have been a huge success in the solid waste curbside program, and we seek to expand this program to recycling as well.

SIDEWALK REPLACEMENT PROGRAM: \$3,000,000 Authorization for the City's PILOT program to replace potentially dangerous or aged sidewalks. The program is being developed to improve City owned walkways, but also to assist property owners with possible contracting or funding concepts to repair their sidewalks.

ENERGY RENEWAL PROGRAM: \$500,000 Local effort to secure federal funds for energy sustainable projects. Projects like a BioMass plant, green and solar parks, etc. are the targeted projects.

PLEASURE BEACH WATER AND PARK ACCESSIBILITY: \$2,000,000 Local effort to complete the feasibility plan & design and provide match to federal and state earmarks for dormant park accessibility.

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OTHER DEPARTMENTS

WPCA CAPITAL PLAN: \$425,300 Local share for sewage separation project and upgrades at the existing plants. The WPCA will make annual debt payments for borrowed funds through their user fees.

IT TELEPHONY & COMPUTER REPLACEMENT: \$250,000. Continuation of voice over IP replacement system and annual upgrade of desktop workstations. Program switch to internal voice over system will yield over \$1 million annual savings in telephone and data costs.

CAPITAL IMPROVEMENT PROJECT BORROWING HISTORY

	1997	2000	2001	2003	2004	2006	2007	2009	1997-09 Total
PROJECT DESCRIPTION	Bonds/Notes Amount	Bonds/Notes Amount	Bonds/Notes Amount	Bonds/Notes Amount	Bonds/Notes Amount	Bonds/Notes Amount	Bonds/Notes Amount	Bonds/Notes Amount	Bonds/Notes Amount
	6.75%	26.29%	17.76%	50.39%	51.37%	46.27%	59.42%	47.61%	34.36%
<u>Board of Education</u>	2,510,000	26,473,360	16,849,565	15,904,136	16,104,322	26,273,612	27,754,881	18,947,778	150,817,654
	33.61%	50.65%	53.45%	3.62%	25.20%	26.87%	6.48%	6.58%	32.84%
<u>Economic Development</u>	12,500,000	51,000,000	50,701,481	1,141,864	7,900,000	15,255,000	3,026,500	2,620,000	144,144,845
	50.44%	16.23%	25.52%	29.82%	13.99%	9.41%	26.18%	26.50%	23.06%
<u>Public Facilities</u>	18,760,000	16,340,000	24,211,200	9,410,500	4,385,000	5,344,650	12,231,000	10,546,063	101,228,413
	5.71%	0.00%	1.28%	0.00%	2.17%	1.32%	1.23%	0.00%	1.22%
<u>Fire Department</u>	2,125,000	-	1,210,000	-	680,000	751,000	575,000	-	5,341,000
	0.00%	0.63%	-0.53%	1.66%	1.59%	12.15%	1.23%	0.00%	1.97%
<u>Police Department</u>	-	635,000	(500,000)	525,000	500,000	6,900,000	575,000	-	8,635,000
	2.55%	-0.40%	0.15%	1.60%	2.11%	0.18%	0.23%	0.00%	0.47%
<u>Libraries</u>	950,000	(400,000)	140,000	505,000	660,000	100,000	106,000	-	2,061,000
	0.94%	6.60%	2.37%	12.91%	3.57%	3.80%	5.23%	19.30%	6.09%
<u>Other Departments</u>	350,000	6,641,000	2,250,000	4,075,000	1,120,000	2,159,250	2,442,000	7,681,159	26,718,409
	37,195,000	100,689,360	94,862,246	31,561,500	31,349,322	56,783,512	46,710,381	39,795,000	438,946,321
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

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